

Message Text

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S/S-O PASS TO THE SECRETARY'S PARTY FOR THE SECRETARY FROM
BUNKER

EO 11652: GDS

TAGS: PFOR, PN

SUBJ: U.S.-PANAMA TREATY NEGOTIATIONS: CHIEF-NEGOTIATOR

TALKS, CONTADORA ISLAND, JUNE 26-30, 1974

I. SUMMARY

I HAVE REACHED AGREEMENT WITH FOREIGN MINISTER TACK ON THE FIRST
OF THE SUBSTANTIVE ISSUES TO BE TAKEN UP: PANAMA'S
PARTICIPATION IN THE ADMINISTRATION OF THE CANAL. WE ARE TO FORM
AN OPERATING PARTNERSHIP IN WHICH THE UNITED STATES RETAINS
CONTROL OVER THE LIFETIME OF THE NEW TREATY.

WE PLAN TWO MEETINGS DURING JULY BETWEEN THE CHIEF
NEGOTIATORS AND VIRTUALLY CONTINUOUS SESSIONS OF OUR DEPUTIES,
AND THAT SHOULD MOVE US FAIRLY FAR ALONG THE SUBSTANTIVE
NEGOTIATING ROAD.

II.

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FOR SOME MONTHS WE HAVE BEEN PREOCCUPIED WITH CREATING THE CORRECT CLIMATE FOR THIS NEGOTIATION. A POSTURE OF CONFRONTATION HAD TO BE CONVERTED INTO ONE OF ACCOMMODATION; THE GENERAL PRINCIPLES AGREED UPON; THE SPECIFIC POINTS AT ISSUE BETWEEN THE PARTIES IDENTIFIED. NOW WE ARE PROCEEDING INTO SUBSTANCE.

THE PANAMANIAN HAD WISHED TO TAKE UP FIRST THE ISSUE OF ARRANGEMENTS FOR PANAMA'S ACQUISITION OF JURISDICTION OVER THE CANAL ZONE (READ "SOVEREIGNTY"). BUT I PREFERRED NOT TO TREAT AT THE OUTSET A MATTER WHICH IS OF OVERRIDING IMPORTANCE TO PANAMA AND ON WHICH I HAVE WIDE NEGOTIATING FLEXIBILITY UNDER THE PRESIDENTIAL GUIDANCE. HENCE I SUGGESTED THE ISSUE OF PANAMA'S PARTICIPATION IN THE ADMINISTRATION OF THE WATERWAY (NO. 6. OF THE EIGHT "PRINCIPLES"), AND THEY AGREE.

WE PROPOSED A SET OF CONCEPTS -- THE PRODUCT OF A JOINT STATE/DEFENSE/CANAL COMPANY EFFORT -- UNDER WHICH THE UNITED STATES WOULD RETAIN EFFECTIVE CONTROL OF CANAL ADMINISTRATION OVER THE NEW TREATY'S LIFETIME, YET WHICH WOULD PERMIT PANAMA TO BEGIN PARTICIPATING IN THE ADMINISTRATION IMMEDIATELY THE TREATY ENTERS INTO FORCE. THAT PARTICIPATION WOULD INCREASE DURING THE TREATY PERIOD SO THAT PANAMA WOULD BE ABLE TO ASSUME TOTAL CONTROL AT ITS EXPIRATION.

PANAMANIAN WOULD BE BROUGHT INTO AND RISE THROUGH THE PANAMA CANAL ENTERPRISE AT ALL LEVELS AND IN ALL FUNCTIONS, ALTHOUGH IN A STAGED FASHION TO ALLOW FOR (A) PSYCHOLOGICAL ACCOMMODATIONS ON BOTH SIDES TO WHAT WILL BE A MARKEDLY NEW WAY OF LIFE, (B) THE NECESSARY TRAINING OF PANAMANIAN, AND (C) CONTINUAL REASSESSMENT BY THE UNITED STATES OF WHETHER ITS EFFECTIVE CONTROL IS IN ANY SIGNIFICANT MEASURE BEING VITIATED BY PANAMA'S INCREASING PARTICIPATION.

THE FOREIGN MINISTER'S INITIAL RESPONSE WAS GRATIFYING. HE SAID HE RECOGNIZED THAT THE UNITED STATES HAD MADE A GENEROUS OFFER AND THAT IT WAS AN EXTREMELY PRAGMATIC ONE.

HE EMPHASIZED TWO POINTS. FIRST, PANAMANIAN PARTICIPATION IN CANAL ADMINISTRATION "MUST BEGIN IN A MODEST WAY, AND GROW GRADUALLY." "THAT IS THE ONLY SENSIBLE COURSE." CONFIDENTIAL

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SECOND, "GENERAL TORRIJOS AND THE PANAMANIAN PEOPLE FULLY ACCEPT THAT AS A FUNCTION OF THE UNITED STATES'S SUPER-POWER STATUS, IT MUST CONTROL THE CANAL'S OPERATION EFFECTIVELY."

TACK ADDED THAT OUR OFFER OF AN OPERATING PARTNERSHIP IN THE PANAMA CANAL ENTERPRISE CONSTITUTED PROOF FOR HIM THAT THE UNITED STATES WAS INTENT -- AS YOU HAD PROMISED HIM IT WOULD BE -- ON

NEGOTIATING WITH PANAMA AS AN EQUAL, AND ON NEGOTIATING A TRULY EQUITABLE TREATY. PERHAPS THE MOST MEANINGFUL RESPONSE HE COULD MAKE, HE CONTINUED, WAS TO DECLARE THAT THE UNITED STATES NO LONGER HAD TO FEAR ENCOUNTERING "NON-NEGOTIABLE" PANAMANIAN POSITIONS.

AFTER EXPLAINING THE SET OF UNITED STATES CONCEPTS TO TACK IN SOME DETAIL, AND DRAWING ON HIS REACTIONS TO THEM, WE REDUCED THEM TO A TWO-PAGE "THRESHOLD AGREEMENT." THAT IS A DOCUMENT, TO BE EMPLOYED THROUGHOUT THE NEGOTIATION, WHICH SETS FORTH CONCEPTUAL FORMULAE FOR RESOLVING TREATY ISSUES AND WHICH, WHEN APPROVED BY THE CHIEF NEGOTIATORS, STANDS AS FIRM GUIDANCE FOR THE DRAFTING OF ACUAL TREATY LANGUAGE.

THE FOREIGN MINISTER APPROVED THE TEXT, FOLLOWING CONSULTATION ON IT WITH GENERAL TORRIJOS. THUS WE HAVE DISPOSED OF THE FIRST OF THE MAJOR ISSUES BETWEEN US.

III.

WE PLAN TO MEET AGAIN IN MID-JULY, AND THEN AT THE MONTH'S END, TO ADDRESS PANAMA'S PARTICIPATION IN THE PROTECTION AND DEFENSE OF THE PANAMA CANAL. THAT WILL BE FOLLOWED BY THE ISSUE OF PANAMA'S ACQUISITION OF JURISDICTION PLUS THE OPERATING RIGHTS THE UNITED STATES WILL RETAIN. THE DEPUTIES WILL BE IN VIRTUALLY CONSTANT SESSION. THEREAFTER WE PLAN A RECESS FOR THE MONTH OF AUGUST, AND ON RESUMING WE WOULD HAVE ONLY THE ISSUES OF COMPENSATION TO PANAMA AND OF LAND AREAS TO TAKE UP BEFORE WE REACH THE FINAL, CRITICAL ISSUES OF THE NEW TREATY'S DURATION AND OF AN OPTION FOR THE UNITED STATES TO EXPAND CANAL CAPACITY.
JORDEN

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